

GLOSSARY

Administrative Costs

The cost of salaries, wages and related costs for eligible HTF applicants. Such costs are organizational rather than project-related and are not eligible for reimbursement with HTF capital bond proceeds.

Affordability

Affordability is achieved when a household's rent or mortgage payment and utility costs do not exceed 30 percent of the monthly income for the targeted income group as adjusted for household size.

Alcohol Treatment Facility

A private place or establishment, other than a licensed hospital, operated primarily for the treatment of alcoholism. It is designed to provide intensive inpatient and long term treatment services. Services are provided in accordance with the Washington State Department of Health regulations found in WAC 246-326 and are certified by the Department of Social and Health Services Division of Alcohol and Substance Abuse. (WAC 440-22). This definition also applies to a chemical dependency treatment facility.

Alcoholism Intensive Treatment Services

Those services provided to the detoxified alcoholic in a residential setting, including, as a minimum, limited medical evaluation and general health supervision, alcoholism education, organized individual and group counseling, discharge referral to necessary supportive services, and a patient follow-through program after discharge.

Amortization

Payment of a loan in regular installments of principal and interest. HTF loan payments are usually due on an annual basis.

Applicant

The organization submitting the HTF application and usually the organization that will contract with the CTED to complete the proposed project.

Assisted Living

A package of services provided to frail seniors or persons with disabilities in a licensed residential facility to assist each resident with one or more of their activities of daily living (ADL). Such services include, but are not limited to bathing, cooking, dressing and some nursing or medical care, but do not include continuous skilled nursing care as provided in a nursing home facility.

Bridge Loan

Temporary or interim financing used for development activities when permanent financing is not immediately available.

Capital Needs Assessment

A document completed by a professional, independent party that defines what a project's immediate and long term capital needs are and provides a plan for financing such needs. The study must be used to demonstrate that the proposed project scope of work is adequate and proposed replacement reserves will be sufficient to address future capital repair/replacement needs.

Cash Flow

Cash available for the property owner after vacancy, expenses and debt service payment have been deducted from gross income.

Child Care Expenses

The lesser of:

- 1) The estimated reasonable costs of child care for children under 13 years of age when it is necessary for the employment of an adult household member, or for his or her further education.
or
- 2) Gross Income.

Chemical Dependency Treatment Services

See alcoholism treatment services.

Committed Funds

Funds committed to a project by a funding source. The award amount, terms and uses of the committed funds are documented in a letter to the applicant. A copy of this award letter is included with the application for CTED funds.

Common Area

Areas such as hallways, laundries and kitchens used by project residents only.

Community Center

Areas open to non-residents and for other public functions.

Compilation

Presentation of financial statement information by the entity *without* the accountant's assurance as to conformity with generally accepted accounting principles.

Conditional Funds

Funds committed with conditions to a project by a funding source. The conditions of the commitment, amount, terms and uses are documented in a letter to the applicant. A copy of the letter is included with the application for CTED funds.

Construction Loan

A short term interim loan for financing the cost of construction.

Contract Manager

The CTED staff person responsible for the development phase of an CTED-funded project.

Contractor

See applicant.

Consultant Fees

Fees paid to a third party developer or consultant for costs associated with implementation of a project.

Contingent Interest

See Shared Appreciation.

Correctional Facilities

Facilities such as jails, prisons and detention centers.

Date of Occupancy

The date at which either a renter or household occupies a unit or a homeowner closes on the purchase of a house.

Debt Service Payment

Payment made to lender for funds borrowed for projects.

Deed of Trust

A legal instrument by which a borrower gives a lender an interest in the property.

Deferred Loan

Principal or principal and interest payments are deferred for a specified period of time or until the occurrence of a defined event (such as the transfer of property). Deferred amount may be due and payable in full at this time, depending upon the terms of the loan.

Developer Fee

A fee paid to the developer for services. It is used to offset overhead and is paid through the development process. It is usually based on a percentage of the costs, dollars per buildable square feet, or dollars per unit.

Displacement

The permanent relocation of a person (to include families, individuals, businesses, nonprofit organizations, and farms) as a result of a project assisted with HTF funds.

Displaced Person

A person (family, individual, business, nonprofit organization, or farm, including any corporation, partnership or association) that moves from real property or moves personal property from real property, permanently, as a direct result of acquisition, rehabilitation, or demolition of a project assisted with HTF funds.

Down Payment

The cash difference between the contract price for the property being purchased and the amount covered by the mortgage.

Effective Gross Income (EGI)

$EGI = (\text{potential gross income} - \text{vacancy allowance}) + \text{miscellaneous income}$

Eligible Costs

For any period means the reasonable operating costs of the Operating and Maintenance funded units properly attributable to such period, limited to the types of costs specified in the O&M Fund Guidelines.

Eligible Project Types

Assisted living facilities, boarding homes, emergency shelters (including shelters for survivors of domestic violence), group homes, homes for first-time homebuyers, multi-family rental housing, seasonal and year-round housing for farmworkers, and transitional housing.

Entitlement Community

A local jurisdiction that receives an allocation of Community Development Block Grant funds directly from HUD.

Equity

The part of the total value of the development owned by the owner.

Extremely Low Income Households

Households earning 30 percent of the area median income or less.

Farmworker Household

A household whose income is derived from farm work in an amount not less than \$3,000 per year and which at the time of initial occupancy of the housing project, has an income at or below 50 percent of the area median income.

Financial Review

Accounting service providing some assurance to the Board of Directors and interested parties as to the reliability of financial data *without* the CPA conducting an examination in accordance with generally accepted auditing standards.

Gross Income

Includes a household's earned income, income from assets and income from other sources as defined by 24 CFR Part 83.

"Gut" Rehabilitation

The rehabilitation of a building resulting in a building shell or a building with no building systems.

Homeless Family

A family that lacks a fixed, regular, and adequate nighttime residence and has a primary nighttime residence that is:

- A supervised publicly or privately operated shelter designed as temporary accommodations;
- An institution providing temporary residence for individuals intended to be institutionalized; or
- A place not designed, or ordinarily used as, regular sleeping accommodation for human beings.

Household

One or more persons inhabiting a housing unit as their principal residence.

Housing Costs

Include playground areas, laundry facilities, hallways and kitchens if used by residents of the housing project only.

Housing Trust Fund (HTF)

Includes state capital bond proceeds related to RCW 43.185 and 43.185A and federal HOME Investment Partnership (HOME) Program funds.

Ineligible Project Type

Alcohol treatment facilities, chemical dependency treatment facilities, correctional facilities, facilities providing continual or frequent nursing, medical or psychiatric services, medical treatment facilities, nursing homes, and private foster care facilities.

Independent Living

A senior citizen or person with a developmental disability who lives in his or her own home or group facility and does not require assistance with activities of daily living. However, services may be provided to residents that are generally provided to seniors or special needs residents such as transportation, meals and social events. Typically, an independent living facility does not require licensing.

Interest

The amount of money charged by the lender for the use of a principal amount of money. It is expressed as a percentage and may be calculated in a variety of ways. The interest

rate may be fixed over the life of the loan or may be adjustable at regular intervals as defined by the lender.

Lease

A lease provides site control for the term of the lease. The person holding the lease has the use of the property as long as they comply with the terms of the lease. Any lease must state the term and amount due during any given period. Any period for which the rental amount is not set is not part of the site control period.

Leverage Ratio

The ratio of total project dollars from other sources as compared with HTF funds.

Length of Commitment

The period of time for which the applicant commits the development for use as proposed in the HTF application. Length of commitment cannot be less than 25 years.

Life Cycle Cost Analysis

A document, prepared by a professional, independent party, that estimates the remaining useful life of all building components and equipment. The estimated useful life estimates must come from a nationally recognized organization such as "Marshall and Swift." This analysis must be based upon a capital needs assessment.

Loan

Funds provided by a lender to the housing project, which must be repaid to the lender within a specified period of time and under certain conditions.

Medical and Disability Expenses

A household's unreimbursed medical expenses and unreimbursed expenses for the assistance and care of household members who are handicapped or disabled, all as estimated for the next twelve months.

Medical Treatment Centers

Facilities licensed as medical treatment centers.

Migrant Farmworker Housing

Developments that reserve all or some units for farmworker households who can document employment at a workplace during the year from which they cannot return to their primary residence every night. Units may be operated either seasonally, less than 12 months each year, or year-around. Residents must also meet the definition of farmworker.

Multi-Family Housing

Includes apartment-type structures with five or more units. Multi-family housing also includes condominium units in structures of more than one living unit that do not meet the definition of single-family housing.

Net Operating Income (NOI)

Income from property after Operating Expenses have been deducted but before deducting financing expenses (i.e. interest and principal payments or debt service).

NOI = EGI – total operating expenses

Non-Entitlement Community

Cities and towns with populations less than 50,000 or counties with populations less than 200,000 provided that the cities, towns and counties do not participate in HUD Urban County Consortiums.

Non-Residential Costs

Costs associated with commercial childcare or daycare facilities, or any space used for commercial purposes or the proportionate share of kitchens, community rooms, etc., not used by residents of the HTF project.

Nursing Homes

State licensed nursing homes.

Operating Budget

For any period means the budget for property operations submitted by the applicant to CTED for the purposes of the contract for that period as approved by CTED with any modifications required or approved by CTED.

Operating Reserves

Funds set aside to cover unanticipated increases in operating expenses or revenue shortfalls. Such reserves shall be used for project-specific operating expenses.

Operating Subsidy

Financial assistance used to supplement the day-to-day operations of a project.

Option

An option states that the holder has the right to purchase or lease a property for a specific dollar amount during the term of the option. An option is often renewable for a set time period for a set fee.

Overall Debt Coverage Ratio (DCR)

The relationship between Net Operating Income (NOI) and annual debt service. Only amortizing debt is included in the calculation of debt service. Deferred loans are not considered in the DCR calculation during the deferral period, only the year when they become due and payable. Operating and replacement reserves must be included in the

operating expenses when calculating the DCR. Overall Debt Coverage Ratio is calculated as follows: Net Operating Income / sum of all amortizing debt = Overall Debt Coverage Ratio.

Participating Jurisdictions

Cities, counties and consortia that receive a HUD allocation of federal HOME funds.

Permanent Loan

Long term financing which allows the owner to pay for the cost of the development over the course of its useful life. Also known as a take out or primary loan.

Phase I Closeout

The on-site review by CTED staff of project files and physical condition of the project. Occurs after project receives the Certificate of Occupancy.

Phase / Level I Environmental Site Assessment

A Phase /Level I Environmental Site Assessment is required for all HTF multi-family and subdivision developments. The objective of the assessment is to provide an independent, professional opinion regarding recognized environmental conditions that may have an adverse effect on the proposed housing project. The Phase I Environmental Site Assessment is intended as a risk management tool used to identify environmental hazards and reduce liability.

Policy Advisory Team

A group of individuals that represent the broad array of interest groups that comprise the low-income housing development community. The Policy Advisory Team (PAT) is chaired by a member of the Affordable Housing Advisory Board (AHAB). The chair of AHAB, in consultation with the Managing Director of the the Housing Finance Unit and the Assistant Director of the Housing Division, selects the chair of the PAT. The purpose of the PAT is to periodically review HTF policies, discuss options for improving the policies and make recommendations to CTED.

Pre-development Cost

Generally, these are costs associated with the planning of a housing project. They include a variety of costs which must be incurred prior to the start of construction, but which may be necessary in order to obtain financing commitments for the project. Examples are market analyses, preliminary architect fees, engineering fees, surveys, application fees, site option costs and environmental assessments.

Primary Lien Position

The position where a lender has the first interest in the value of a property. This is important in the case of defaults and other legal matters associated with borrowing funds to purchase property.

Private Foster Care Facilities

State licensed, single family foster care facilities.

Professional Independent Party

An individual or firm hired by an HTF applicant or contractor to provide information related to a project. Such individuals or firms may not be employees of the applicant or contractor. Examples of such parties include appraisers and construction cost estimators.

Project Completion

All necessary title transfer and construction work is completed and HTF funds disbursed.

Proposed Funds

Funds that have been or will be requested from a potential project funding source, but have not been committed by the source.

Purchase and Sale Agreement

A purchase and sale agreement states the conditions under which the purchaser will purchase and the seller will sell. It is not as firm as an option since both sides often have ways out. It should specify a price and have a period of time for the purchaser to get financing and close any other contingencies in the agreement.

Rehabilitation

To restore or refurbish and building or structure to a good condition.

Rent

All charges for use and occupancy of the property payable by or on behalf of a household occupying a unit, whether or not such amounts are technically “rent” under landlord-tenant laws.

Replacement Reserves

Funds set aside to replace building components, including appliances and mechanical systems, as they wear out or are damaged.

Relocation Expenses

Payments made to families, individuals, businesses, nonprofit organizations, or farms when temporary or permanent relocation is necessary.

Rural

Those projects located in areas where the population is less than 25,000 for towns and 60,000 for unincorporated areas and are rural in character. The HTF statute set a goal of 30 percent of all funds to be used in rural areas.

Senior

A person 55 years of age or older.

Shared Appreciation

An arrangement in which the Department receives its proportional share of appreciation in a property. The calculation of is based upon the Department’s share of a project’s total

development cost (TDC). The requirement is imposed if and when a property is sold, refinanced, changes use or ownership, or destroyed prior to the term of commitment and if the funds generated by the premature termination are not timely reinvested in housing for low and very-low income housing.

Shelter Project

Developments offering short term temporary residency ranging from a few days to two months for homeless families and individuals.

Single-Family Housing

Includes detached, semi-detached, row house, and townhouse units and subdivisions. Row houses and townhouses are included when each unit is separated from the adjacent unit by an unbroken ground-to roof party of firewall. Condominiums are included as single-family housing when they are zero-lot-line or zero-property-line construction; when units are separated by an air space; or, when units are separated by an unbroken ground-to-roof party of firewall.

Subdivision

The creation of a number of smaller lots out of one or more large lots for the purposes of developing each smaller lots and selling them. The divided property itself is also known as a subdivision.

Subordinate Loan

Interest in a property by a lender in which another lender or other party has an existing lien, which takes priority over the subordinate lien. When the property is sold, the first lien holder is paid first; the second lien holder is paid second and so forth. Any funds remaining after all liens have been satisfied are paid to the owner.

Sustainable Housing

The creation or rehabilitation of buildings into spaces that are well lit, comfortable, healthy, energy and resource efficient, functional and long-lived, and that promote the general well being of the occupants and the environment. Sustainable development requires thorough planning, can be blended into any architectural style, is not necessarily expensive, demands an integrated approach for maximum impact, and uses energy efficiency as a central organizing principle.

Tenant

The person or persons occupying a unit, whether or not they are tenants as defined under applicable laws.

Term

The period of time over which a loan is outstanding until it is entirely repaid.

Title

Evidence of legal ownership interest in a property and the right to encumber the property (e.g., to borrow funds, which will be secured by a loan against the property).

Total Development Cost (TDC)

The sum of project development costs noted on a project development budget. Such costs will include building/land acquisition and construction / rehabilitation hard and soft costs (i.e. development and other development costs noted on the HTF development budgets). Residential and non-residential TDC's may be noted in the HTF applications.

Transitional Housing

Developments offering intermediate term temporary residency ranging from two months to two years. Social services are typically included in this kind of development.

Utility Allowance

If utilities are paid directly by the resident, the rent must include a utility allowance according to the schedule established and provided by the local housing authority. The utility allowance schedule must estimate the average monthly cost of utilities (except telephone) for each unit type (single family, apartment, duplex, manufactured housing, etc.)

Vacancy

Estimated losses due to the non-occupancy of the rental space